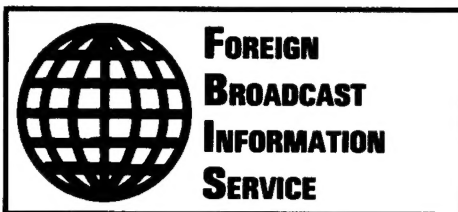


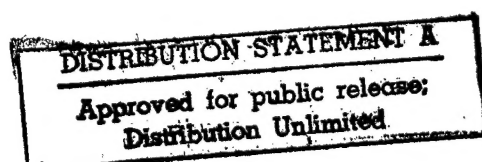
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30 April 1993



# ***JPRS Report***

## **Near East & South Asia**

***EGYPT***



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# Near East & South Asia

## EGYPT

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## Internal Affairs

### Foreign Affairs Minister Interviewed

93AF0459A London AL-SHARQ AL-AWSAT in Arabic  
22 Mar 93 p 5

[Interview with Egyptian Foreign Minister 'Amr Musa by Muhammad 'Ali al-Qulaybi in Tunis; date not given: "If We Boycott Peace Negotiations, We Will Be Punishing Ourselves]

[Text] Tunis—Egyptian Foreign Minister 'Amr Musa has emphasized the need to resume the peace process between the Arabs and Israel, expressing the belief that the deportees issue, important as it is, must not obstruct this resumption.

Musa has said that the Arabs will be punishing themselves if they abandon the negotiation path, thinking that they will be punishing Israel.

He declared that peace in the region may or may not be just.

In another respect, the Egyptian minister underlined the tense relations between Egypt and Sudan, while stressing that matters will not reach the point of military confrontation but will be settled with reason and dialogue. Musa confirmed indirectly the reports speaking of Egypt's plan to hit any Iranian warship that docks in Port Sudan.

Musa said this in an interview with AL-SHARQ AL-AWSAT during his presence in Tunis to attend meetings of the seven-member Arab committee that is assigned to follow up on the Lockerbie issue. The following is the text of the interview:

[Al-Qulaybi] Egypt has asserted repeatedly that it is playing a role and exerting efforts to settle the deportees issue and to advance the peace process. Where have these efforts reached?

[Musa] It seems that these efforts are following the right path. There is a problem that has muddied the waters, and it concerns the deportees. We are trying to put it on the right path toward a solution at the earliest opportunity, especially since Israel itself has agreed to the repatriation of 100 deportees at present. It is likely it will repatriate the rest as early as possible.

But this is not the crucial problem between the Arabs and Israel. The real problem concerns the land and granting the Palestinian people their legitimate rights.

We, as Arab states, people, and officials, must see the deportees issue from its correct angles, not from angles that could affect the entire issue and all of the rights. Therefore, the forthcoming negotiation process should not be viewed as a reward for Israel. Because the negotiation process concerns Arab land, any delay in regaining Arab land through the peace process, in which Arabs and Palestinians have already agreed to participate, will be at the expense of the Arabs, not Israel. This

is why we are working to solve the deportees issue. But while these efforts continue and while we hope that they will accomplish their objective before the middle of this coming April, the peace process to regain the land and the rights must not be neglected and must not be viewed a favor the Arabs are doing Israel, considering that they are negotiating to regain their land.

[Al-Qulaybi] We understand from your statements that Egypt opposes the idea of boycotting the next round of negotiations.

[Musa] That is true. The fact is that Egypt believes that negotiation is the only path available to regain Arab land. Any lagging behind this bandwagon will be more beneficial to Israel than to the Arabs. As already noted, this transient issue, meaning the deportees issue, which has muddied the waters somewhat must not continue to be unsolved, and it is greatly hoped that it will be settled.

[Al-Qulaybi] There is talk about Egyptian mediation between the United States and the PLO. Where have these efforts reached?

[Musa] The problem is not between the Palestinians and the United States, but between the Palestinians and Israel fundamentally. Any expansion of the sphere of this problem or fabrication of nonexistent problems, such as saying that there is a problem with the United States or with Europe, means that the PLO has embarked on a conflict with the world. It also means that the problem will find no solution.

If we view it from a rational angle, this approach is not practical, and it gives power to those people who raise resounding slogans and sing fiery songs that have accomplished no noteworthy benefit for the Arabs. It is my opinion that if there is some sort of disagreement between the United States and the PLO, then it is a disagreement that could occur between any two parties, and it doesn't concern the crux of the issue from which we are suffering and for which we are seeking a solution. We must not lose sight of the fact that the United States supports the peace process strongly and that it hosts Arab and Israeli negotiators on its land.

When U.S. Secretary of State Warren Christopher visited the Middle East last month, he met with prominent Palestinian leaders, including Faysal al-Husayni. Everybody knows that these leaders emanate constantly from the PLO. This means that relations between the United States and the Palestinians are not cut off. Therefore, a fundamental point must be emphasized, namely that it is incorrect and inaccurate to depict matters in a way that implies that there is a problem between the United States and the PLO. Things must always be called by their names and must not be exaggerated.

[Al-Qulaybi] The Egyptian leadership is engaged in efforts with all of the parties involved in the peace process, including Israel. Usamah al-Baz met with Yitzhaq Rabin in Israel recently. Has the Israeli side

displayed positive willingness to move the peace process out of the dilemma into which it has fallen?

[Musa] A helpful and distinguishing feature of Egyptian diplomacy is its ability to contact all of the parties concerned with the conflict in the region.

Basically, Egypt is an Arab party, and there is no place for doubt in this regard. Consequently, it comprehends, understands, and interacts with the Palestinian demands and aspirations more strongly than it interacts with anything else. Therefore, Egyptian diplomacy views Arab rights and the restoration of Syrian territories, of Palestinian rights and land, of Lebanese territories, and of Jordanian rights as indisputable, fundamental issues. But at the same time, Egypt is in a state of peace with Israel, and it can talk to Israel. We exploit this fact in the interest of establishing a just peace, without which there will be no peace in the region. This justice is neither Arab nor Israeli. It is justice based on the international law, which means that Israel will get some things while the Arabs get other things on the basis of the formula of land for peace. Otherwise, we would not have agreed to march along this path in the first place.

It must be said here that all Arabs agree to this principle. It has been accepted by Syria, as well as by the Palestinians. Therefore, the Egyptian effort seeks to persuade the Israelis to meet Arab positiveness with similar positiveness so that they will give up the occupied territories in return for getting security and peace.

[Al-Qulaybi] Has the Israeli side expressed to you its willingness to exchange commitments of this sort?

[Musa] It is certain that the current Israeli Government is much better than the previous government. But a concerted effort is required, and nothing comes on a silver platter.

We in Egypt have had a well-known experience in this regard. Our negotiations with Israel lasted two full years despite the political, information, propaganda, and other forms of momentum that accompanied President al-Sadat's 1977 Jerusalem visit.

[Al-Qulaybi] It has been reiterated that Egypt has reservations on the contents of the six Palestinian points presented by Faysal al-Husayni to U.S. Secretary of State Christopher. Is this true?

[Musa] This is untrue. We have no reservations about a position approved at the Palestinian level and presented by the Palestinians to the Americans directly. Why should we have reservations? We fully support these six points. If they can be accomplished, then this would be a good thing that calls for optimism.

[Al-Qulaybi] Does Egypt support the Palestinian demand that Israel not resort to deportation in the future and is this a reasonable demand?

[Musa] It is reasonable for the PLO or the Palestinian side to demand whatever they want to demand, but it

must be made clear that Israel's prime minister will not be prepared to accept any Palestinian demand with open arms and say he is prepared to implement it. The problem is deeper than this. Logic says that as we have our demands, the other side has its counter demands, and herein comes the role of negotiations and of the ability of each side to wrest gains from the other. The process of peaceful negotiation is hard and protracted, and it requires a great degree of patience, effort, and experience. We in Egypt support the said Palestinian demand [on deportation], and we seek to develop an understanding with Israel in this regard. We work to support the Palestinian demands and to take them as far as they can go. Hence the Egyptian-Israeli and Egyptian-U.S. agreements.

[Al-Qulaybi] After his meeting with Egyptian President Mubarak on 10 March, Syria's foreign minister said that Cairo and Damascus plan to present new joint proposals on the deportees issue and the peace process. Can we know some features of these new proposals?

[Musa] This is a joint Egyptian-Syrian effort that can be added to the efforts that I have referred to within the context supporting the six points and seeking to attain a solution to the deportees issue.

The fact is that Warren Christopher works for and seeks to attain an appropriate solution to the deportees issue. But Rabin believes, and this is his opinion, that he has been able to solve this issue by permitting the repatriation of 100 deportees, provided that the others are repatriated before the end of the year. We have told Rabin that this is not enough and that greater measures are required in order to make the peace process successful.

The fact is that we must make a distinction between the peace process and the deportees issue. If we believe that boycotting the peace process because of the deportees issue means that we will be punishing Israel, then we are making a big mistake. Not going to Washington to resume the negotiations punishes the Arabs, not Israel.

[Al-Qulaybi] Egyptian-Sudanese relations have been experiencing growing tension recently because of the Sudanese Government's nationalization of the Cairo University branch in Khartoum, and it has been reported that military troops have been amassed along the two countries' borders. Does this mean that Egypt and Sudan are heading toward a military confrontation?

[Musa] To put it briefly, relations with Sudan are bad and tense at present, and the measures taken by the Sudanese Government recently are unjustifiable. But all of this does not mean that we will embark on military confrontation or that we plan to clash with the brothers in Sudan. We hope that we will be able to settle this dispute or this disagreement by resorting to reason and to dialogue between the two sisterly countries.

[Al-Qulaybi] There is talk about Syrian mediation between Cairo and Khartoum over the Hala'ib area.



[Musa] We do not, in fact, need any mediation with Sudan.

[Al-Qulaybi] Egypt has threatened to hit any Iranian warship that docks in Port Sudan. Can you give us more clarifications?

[Musa] There is no more clarification. The matter is totally clear, and I have nothing to add to it. What you have heard is explicit and clear, and I have nothing to add to it.

### **Government, Muslim Brotherhood Relation Assessed**

93AF0496A London AL-HAYAH in Arabic 6 Apr 93 p 6

[Article: "Egypt: How Is the Relation Between Government and Muslim Brotherhood Developing?"]

[Text] Recent days have witnessed an organized campaign by Egyptian government agencies against the Muslim Brotherhood, whose activity has been outlawed for 40 years. The campaign climaxed when the group, its members, and its Guidance Office were accused of "extremism, terrorism, suspicious tours, and contacting radical religious elements abroad, particularly in Iran, Pakistan, Afghanistan, and Sudan." The group's official spokesman denied the charges.

Although some of the group's moderate leaders have made attempts through parliamentary and party bridges to calm the campaign and produce a truce proposal, the government continues resolutely to raise the banner of rejecting all direct and indirect formations of religious organizations.

The escalating government and police campaign against the Muslim Brotherhood, according to daily monitoring of events, began officially at the end of November 1991, when the government was surprised by a vigorous Brotherhood campaign attacking official Egyptian efforts to convene a peace conference. The group was not satisfied with expressing its views in words and communiqués as usual. Its campaigns of opposition extended to demonstrating on the university campus, in the streets, and at the gates of mosques and organizing a campaign of signs and leaflets focused on rejecting the peace conference and its decisions.

These escalating positions by the Muslim Brotherhood constituted the first direct challenge to the government. The government believed that the group was not content with propagating the call to Islam by fair means, but was intent on readying cadres for an eventual confrontation. In its moves, the group was relying on certain legal branches to carry its name and placard, especially the professional unions and student confederations, and was moving through certain legal opposition political parties.

Egyptian Government circles state that the group has secret, unannounced formations such as "Brotherhood Youth" (Shabab al-Ikhwan) and "Vanguard" (al-Tala'i)

and that camps have been set up for them under various names for educational training, indoctrination, and drill. The group's philosophy is said not to have changed since the days of its first guide, Hasan al-Banna: it is a religious-political group that aspires to power by parliamentary means. Its present leaders belonged formerly to the "Special Organization" (the group's military wing). Through its Guidance Office, the group has prepared new strategy and tactics involving immersing itself in popular circles, calling attention to their problems, and finding solutions through group members who control the professional unions. This has become apparent in the following ways:

- The group has set up commercial enterprises to sell their products at low prices close to the ordinary citizen's modest income.
- It has established medical projects, including specialized hospitals and Islamic clinics, as well as refresher courses and Islamic and religious schools.
- It has organized excursions for pilgrimage and minor pilgrimages [umrah], as well as summer camps that are affordable for ordinary people.

Matters came to a head after the earthquake disaster. Through its leadership members in the unions, the Brotherhood engaged in a campaign parallel to the government's campaign to relieve earthquake damage, distribute contributions, go to sites where buildings had collapsed, and erect tents. On a single day, a total of 1 million Egyptian pounds were distributed by the Brotherhood through the physicians' union alone.

The group was not content with merely implementing its tactic of peaceful and quiet moves to deal with domestic problems and find solutions for them; its moves extended to foreign policy matters. This disturbed the government, especially when the group issued communiqués stating its positions on certain foreign and domestic policies and criticizing official policy. This became apparent when the group:

- attacked the regime's policy on the deportee crisis and directly sympathized with Hamas and Islamic Jihad;
- took stands sympathetic to certain political party figures and demanded more democracy in the union and political movement;
- criticized the government's positions for dealing with the Bosnia-Herzegovina crisis, initiating a new campaign for contributions and for sending volunteers to the Muslim ranks in Yugoslavia to repeat the movement of mujahidin that had happened in the Afghanistan experiment;
- espoused certain human rights reports criticizing the policy of repressing and arresting Islamists and demanded their immediate release; and
- reacted passively to certain armed operations and political assassinations by extremist religious groups, contenting itself with deploring and criticizing, without proposing any rapid solutions.

The government and the security agencies became convinced that the Muslim Brotherhood was following its established path based on three main points:

- Continued attempts and court cases to regain the group's legal standing after being banned for 40 years.
- Using the legal Labor Party and expressing the group's ideas through that party's committees and newspaper for fear of police prosecutions.
- Continued infiltration of public societies and professional unions, extending to unions such as the lawyers' and teachers' unions.

Early in 1993, the government and the security agencies prepared an important report outlining this policy line and its possible consequences. It particularly noted mass sympathy for the Brotherhood at a time when the struggle with extremist groups was intensifying.

The government confrontation, which is also proceeding by peaceful means and step by step, relies on the following two main components:

- Issuing a new trade unions law to prevent members of Islamic groups, particularly the Muslim Brotherhood, from dominating union boards of directors that can be exploited for domestic and foreign moves.
- Codifying all moves by the Brotherhood and placing its activity in legal frameworks before the public prosecutor and the courts.

The government began to implement this by applying the trades union law despite petitions by some challenging the law's constitutionality. It produced new persons and defendants in the Salsabil case (Salsabil being one of the Brotherhood's international organizations). Over 65 members of the organization were arrested. It was announced that the organization had over 1,275 members, some of them members of the "Guidance Office" and of the group's committees and squadrons in the provinces. Not content with these official and legal steps, the government proceeded to the following:

It charged the group's leaders with extremism and terrorism. It denounced and cast suspicion on their movements and trips, especially to countries accused of harboring terrorism and extremism, such as Afghanistan, Iran, and Sudan. It accused them of meeting with Islamic Jihad and Hamas.

It reopened the files on the group's special organization formed during the forties. This was the military wing that carried out operations of violence, political assassinations, and bombings of movie houses. Not only did the government campaign against the Brotherhood expose the nature of this organization, it hinted that [current] leaders and members of the Guidance Office had in their youth been members of this military wing, which had introduced into Egypt and the Egyptian political scene:

- political assassination lists;
- bombings in streets, squares, and automobiles;

- linking the Islamic movement to violence and secrecy in order to impose its ideology by force;
- physical liquidations; and
- military drills, especially in the use of weapons and bombs.

As the campaign between the government and the Brotherhood escalates, moderates from both sides say that the campaign is "temporary" and will end with a new declaration of good intentions between the parties. Pessimists, however, say that the campaign "will continue, now that the government has lumped the Brotherhood with the radical religious groups."

### Commentary on Causes of Violence Explored

93AF0481B London AL-SHARQ AL-AWSAT in Arabic  
13 Mar 93 p 4

[Article by 'Abd-al-Rahman al-Rashid: "Egyptian Incidents"]

[Text] The number of people killed in violent incidents in Egypt is tragic, particularly because Egypt has been known to be one of the most tolerant countries and because the Egyptians have been known to be the most remote among the Arabs from fanaticism and violence. But the recent clashes have surprised everybody because of their enormity. The scores of people that have been killed and the quantities of weapons that have been seized are an indication of the serious objectives behind them. In the view of an Egyptian who has been following events, this is the beginning of a long campaign that might last years before the new movements that resort to violence are finally eradicated.

If the battle is indeed still in its beginnings and it is going to be a prolonged one, then it must be realized that what is happening is a sweeping change in political behavior that is strange to the Egyptian society. The extremist movements, especially those within the Islamic trend, have been in existence in Egypt throughout this century. They are a natural offshoot of the political events, whether during the confrontation with colonialism or with the leftist leaning regimes during the revolution.

But the new development in the situation is that extremism, which is different from opposition, has become widespread and its contagion has touched a large number of people, at a time when the means of understanding, contact, and peaceful expression have become widely available. Egypt has experienced violence that is strange to it, particularly in outlying areas and in the countryside in general. If the Egyptian society by nature is a civilized and peaceful society, the extent of violence afflicting it today is greater than any time before. Many have been trying to identify the root cause of violence. Some may say that government corruption is the basic cause for bringing it to a head. But political corruption is usually something known in the cities and not in the countryside. The [extremist] movements are active in the countryside, and because these groups are distant

from the major cities, they are less in contact with the authorities than other people and are less in control of what occurs around them.

Some believe that the fact that the countryside lags behind in development is what brought this great difference about and caused the society to be divided into two parts that exist separately, both historically and politically. This interpretation is close to [historian] Bin-Khaldun's view regarding the downfall of the affluent states at the hands of those who are beyond the reach of their culture, but the factors of the downfall of the state today are different from what they were only 100 years ago. Civil institutions have reached such dimension and influence that they manage a citizen's life 10 hours a day [as published], and the individual has become so enmeshed with the state that he cannot afford seeing it undermined.

The phenomenon of Egyptian violence cannot be tolerated politically for many years because it might squander the state's resources in such fields as local investments and foreign tourism. Consequently, the state must become exceptionally energetic in fighting it. This perhaps explains the state's frenzied and extraordinary action in the last few days to fight it. The number of dead people on both sides is higher compared with previous times, which indicates that the government is now psychologically ready to do what is expected of it in order to salvage the civilian peace that is essential for its existence.

#### **Syndicates' Leaders Evaluate New Law**

93AF0462A Cairo UKTUBAR in Arabic 28 Feb 93  
pp 10-12

[Article by Khalid Hamdi, Muhanna Anwar, Hasan Za'fan, Baha' Zaytun, Mustafa 'Ali Mahmud, Mahmud 'Abd-al-Shakur, Salih al-Fityani, Hatim Faruq, and Sultan al-Hajjar: "Now That the Uniform Act for Syndicates and Professional Associations Has Been Issued, Here Are the Reasons Why We Agree With the Law and Why We Object to It"]

[Excerpts] The Uniform Act for Syndicates, Guilds, and Professional Associations was passed last week by the People's Assembly. Although the obvious goal of this act is to expand the process of democratic participation in syndicate elections and to see to it that the choices made in these elections are truthful representations of the opinion of the majority, there were sharp differences of opinion on this act. There were sharp differences of opinion on this law, not only between one syndicate and another, but also within the individual syndicates.

In an objective attempt to learn the real reasons behind supporting or rejecting this law, UKTUBAR interviewed syndicate leaders, presidents of professional associations, and political party personalities. Each one of the interviewees had his own point of view on the law.

#### **Physicians Association**

Dr. Hamdi al-Sayyid, president of the Physicians Association, said, "We regret the fact that the new syndicate law was enacted at a time when the efforts to resist terrorism and to find solutions to our economic problems are being streamlined. I wish the 3 million individuals who are members of syndicates and professional associations and who represent Egypt's 'brain power' had been consulted about this."

Al-Sayyid added, "The rush to enact this law gave members of syndicates and professional associations the feeling that they were not taking part in making decisions that were related to their future. It is very strange that something like this happened in President Mubarak's administration because President Mubarak has given people of all opinions an opportunity to talk things out." Al-Sayyid affirmed that the attendance ratio stipulated by the new law to make elections valid is unachievable. "No other elections have a comparable requirement: not in the People's Assembly, not in the Advisory Council, and not in athletic leagues and clubs. And that makes one wonder: Was that condition written in the law to prevent a certain tendency from expressing itself?"

Al-Sayyid thinks that the law contains several positive points. "It imposes a fine, for example, on those who fail to vote in an election, and it provides ballot boxes at syndicate sites. However, there are clauses in the law that have negative effects on syndicate activity. For example, judicial oversight over the interim syndicate boards means that judges would be carrying out executive actions. That is why we hope the law will be reconsidered so that the role that syndicates have been playing in Egyptian life can be restored."

Dr. Muhammad Salim Nijm, vice president of the Physicians Association, said, "The association has decided to challenge the constitutionality of the new law based on the following points: The Constitution states clearly and unequivocally that syndicates are independent and are free to write their own bylaws, rules, and provisions. In addition, the international agreements that Egypt signed in 1957 stipulate that syndicate members have the right to choose and to organize their own boards of directors without the intervention of the state."

"Syndicates were not consulted about changing their laws even though the Federation of Labor Unions has been engaged in discussions for six months on amending the law that governs these syndicates. So far, no decision on that matter has been taken."

"It is impossible to bring together 50 percent of the membership of a syndicate or professional association on election day, particularly in those syndicates that have a large membership. The Merchants Association, for example, has 400,000 members; the association for agricultural specialists has 750,000 members; and the Physicians Association has 110,000 members.

"There are strange clauses in the law. One clause, for example, stipulates that elections are not to be held on Fridays and holidays. Another bars syndicates from accepting contributions and grants, and yet another allows judges to run syndicates, and that makes syndicates subject to the control of the Central Accounting Agency."

Dr. Mahmud Mahfuz, chairman of the Health Affairs Committee of the Advisory Council, thinks that the new law is considered a step in the right direction. It will solve the biggest problem of democracy in Egypt, namely, that of casting ballots manually and not using modern ballot counting methods.

Dr. Mahfuz said, "The law talks about the use of a voting card. A voting card will make it possible for individuals to cast their ballots in a manner that preserves their humanity. I suggest," Dr. Mahfuz added, "that we also use a magnetic card, and that would mean that elections could be conducted in the best possible manner."

Dr. Mahfuz agreed that the government is right in its contention that the present electoral system is not sound because it allows a minority of the membership who represent no more than 10 percent of the whole to vote. Consequently, that percentage of the membership cannot possibly represent the majority. The solution is to have everyone vote freely at the same time, and to let any tendency win, even if it is the Islamic tendency."

#### Bar Association

Ahmad al-Khawajah, president of the Bar Association, affirmed that the new act for syndicates and professional associations does not represent any problem whatsoever for the Bar Association. This is because the Bar Association has never held an election where a legal quorum was not met. The last election was the only exception to that.

Al-Khawajah added that he opposes the law in spite of that fact because it should have been presented to syndicate leaders and members for their review quite some time before it was enacted. Syndicate leaders and members should have been asked about their opinions on the law. Also, those who drafted this law should have taken into account the fact that syndicates deal with and manage the interests of groups that are different from each other. Therefore, each syndicate has to have its own bylaws that are compatible with its own interests.

Al-Khawajah said, "The board of the Bar Association does not intend to take any measures against members of the association, who may or may not be members of the People's Assembly, who supported this law right away. Each member of the Bar Association is free to express his opinion, and no member of the Bar Association may be questioned for doing so."

Mukhtar Nuh, a member of the board of the Bar Association, pointed out that the new law has an inherent contradiction because it is alleged that its main aim is to

expand the circle of democracy. Its provisions, however, impose on a syndicate or professional association a certain board that is not chosen by members of the syndicate or professional association. That happens if the required ratio of participation for an election is not met when an election is conducted.

Mukhtar Nuh adds that this law is unconstitutional because it contravenes Article 56 of the Constitution which stipulates that the freedom of syndicates is guaranteed by the constitution. Article 56 also stipulates that the syndicates' freedom is built on a democratic foundation and that an election is the only way by means of which boards for syndicates and professional associations can be formed. In one of its articles the new law referred to the fact that elections were not to be held on official holidays. Therefore, members of the Bar Association who, in most cases, are working in court until 1700 will be prevented from voting.

Abu-al-Fadl al-Jizawi, an attorney, disagreed with the two previous opinions. He likes this law because it gives members an inducement to vote and to participate in a positive manner in syndicate activities. Thus, boards for syndicates can be chosen in a manner which realizes the interests of a majority of the members, not the interests of a minority.

Al-Jizawi said that the purpose of ruling out official holidays as days for holding elections is to encourage members to become involved in the election process, not the opposite. After all, members prefer not to leave their homes on holidays to go and vote. On ordinary work days, however, members of syndicates and professional associations will vote promptly on their way home from work.

Regarding the statement that this law is unconstitutional, al-Jizawi, who was one of the sponsors of this law, said, "There is no basis of truth to this statement. The right to litigate is available to everyone. Even if there were a judgment that this law is unconstitutional, we will go back to work once again to enact another law that would have the controls that are necessary to correct the process by means of which the boards of syndicates are selected. We will do this in the interest of the majority."

#### Teachers Union

'Abd-al-'Azim Zayd, secretary general of the Teachers Union, affirmed that the new act for syndicates and professional associations is almost identical to the present bylaws of the Teachers Union, which stipulate that more than 50 percent of the members of the union's general assembly have to be present when the union holds an election. Zayd added, "Although the Teachers Union has 750,000 teachers as members, the pyramid-like nature of its make-up gives all members an opportunity to participate in the elections. At the bottom of its organizational chart, the union has committees for each administrative department. Then there are the affiliates in the governorates. The general union comes after that, and it consists of 52 affiliates with 1,600 members."



The union's secretary general supports the new law, which, he said, is trying to make the majority of syndicate members participate in the voting process. Such participation provides an opportunity for the realization of the professional interests of all members of the general assembly. "This way, those who are seeking their own personal interests and goals, which are incompatible with those of the general membership, would not have an opportunity to hold leadership positions in syndicates and professional associations."

'Abd-al-Rahim al-Wazir, treasurer of the Teachers Union, said that the union is not against the new law, which provides a large measure of democracy by imposing a fine on any union member who fails to vote in a union election. That fine is equal to the union's annual membership fee. "It was essential, however, that committees hold hearings to hear opinions for and against this law, as was the case in the Landlord and Tenant Act and also the Terrorism Act. Thus, the law would be enacted after persons who would be affected by it have been given a chance to speak. Holding such hearings would ensure the realization of that kind of democracy that the law aims to achieve." The treasurer affirms that the Teachers Union is a national union. "It is neither partisan nor racist. Its first and foremost goal is to upgrade the professional and material standards of teachers." Al-Wazir added that the problem of the new law for syndicates [text missing], and objections to it at the Teachers Union are not as sharp as they appear to be at other syndicates. [passage omitted]

#### Association of Engineers

Dr. Muhammad 'Ali Bishr, an engineer and secretary general of the Association of Engineers, said, "Our rejection of the uniform act was indicated by the Supreme Council of the association and by an extraordinary [meeting] of its general assembly. We rejected the act because the opinions of professional associations which have an interest it were not sought. I am calling for the application of a 50 and then a 33 percent electoral participation across the board in all elections, such as elections for the People's Assembly, for the Referendum Council, for local councils, and for any other referendum. If this set ratio is not met, the positive aspect of taking part in an election would have to be looked into. In our association the ratio of participation in an election has exceeded 50 percent. The reason why there has been a large increase in electoral participation is the integrity of the elections. Every individual's point of view is respected, members are involved in the association's activities, decisions are made in a democratic manner, and greater services are offered to members. In the most recent election 22,000 members of the association's 90,000 members cast their ballots. That is, 25 percent of the association's members took part in the election. It is dangerous to appoint people who are not duly qualified to run a syndicate or professional association to such positions even if they were judges. People are being muzzled. One of the clauses in the law bars the union from involving itself in the discussion of any issue that

does not concern it. We cannot express an opinion on the question of the deportees, [for example], or on the question of Bosnia-Herzegovina. We cannot express an opinion on the question of Palestine and on other such questions. The law calls upon syndicates not to accept contributions and grants which would enable them to get involved in important issues such as earthquakes and the questions of Bosnia-Herzegovina, and Palestine."

Engineer Kamal 'Abidin, a member of the Supreme Board of the Association of Engineers, affirmed, "The law was placed on the books when democracy was not looking, and those who are entitled to making a judgment on what would be useful to them were not involved in the process. This is an important law that should have been presented to members of each syndicate, and each opinion on the law, those in favor of it and those against it, should have been heard. For example, the law provides no democratic guarantees for the participation of members of syndicates in elections. It does not set a predetermined ratio of participation for conducting an election. It makes a mistake when it appoints a judiciary committee to run the business of a syndicate. Every syndicate activity requires those who specialize in that activity in each syndicate. And the stipulation that an assembly of electors consist of a maximum of 500 persons means it is possible for three individuals to have an assembly of electors, and that means that forgery is possible and control over these committees would become impossible." [passage omitted]

#### Association of Merchants and Mercantile Workers

Dr. Hilmi Nimr, president of the Association of Merchants and Mercantile Workers, expressed his objection to the law. He made it clear that the situation cannot be heightened. The shortcomings of this law, however, may be summarized by pointing out two of its aspects: The first one is manifested in the stipulation [about the ratio of participation in an election], which amounts to half of the members. The Association of Merchants and Mercantile Workers has almost 450,000 members. How can half of them become available during an election? The second shortcoming of the law has to do with the judicial committees, which are given the right by this law to oversee a syndicate if a quorum at a meeting of its general assembly is not met.

At the same time, Dr. Salah Sadiq, the association's secretary general, supported the idea of the law and said, "This law is considered the first wake-up call, and it is being used to heighten awareness and increase the sense of responsibility which people should have to exercise their democratic rights in syndicate elections. This would guarantee growth in the base of participation, and it would put an end to the phenomenon of failing to cast a ballot. During the association's last election in 1989, the association had 350,000 members, but only 14,000 of them took part in the election. Can it be said that such a small percentage has the right to control a professional association's matters and affairs? I do not believe that this is compatible with the principles of democracy. That

is why it is possible to increase the base of participation to make it at least 25 percent. For some syndicates, however, increasing that ratio to one third or more would not be appropriate because those syndicates have a large membership. Sadiq also suggested that several polling stations be set up where members gather to guarantee that the public interest is realized by ensuring the presence of a large number of the association's members. Thus, a minority that does not speak at all for the majority would not dominate the professional associations or syndicates."

Regarding the ousters and dismissals to which some association members have been subjected, Sadiq said, "Arbitrary action of this kind did not occur in the Association of Merchants and Mercantile Workers because dictatorship is alien to life in a syndicate. This dismissal of some members is not recognized by law. I believe that the new law is trying to provide democracy and a sense of responsibility and public interest. It is trying to stay away from the goals of a minority which is dominating syndicates."

#### Association of Scientists

Dr. 'Abd-al-Latif Abu-al-Futuh, president of the Association of Scientists, said, "The board of the association met, and we rejected this law because it is not possible to enact a uniform law by means of which the affairs and bylaws of all syndicates and professional associations can be managed. The reservation about this law is that the courts would be running syndicates. How can the judiciary authority interfere in something which does not concern it? Choosing a syndicate member to manage that syndicate's affairs would have been better. [passage omitted]

#### Union of Social Workers

Thurayah Labnah, vice president of the Union of Social Workers and member of the People's Assembly, said, "We were the first in our union to submit to the People's Assembly a bill similar to the new law for syndicates and professional associations. That bill, which we submitted so that democracy can be achieved, stipulates that no less than 50 percent of the members have to be present at the time of an election. That stipulation was in our bill before this law was enacted. That is why we support the new law because choosing the members of the board of any syndicate will reflect the opinions of that union's members. The new law would prevent a few in a syndicate from taking over the affairs of the majority. This is what true democracy is: It requires that the number of people who express themselves grow. I am also very comfortable with the oversight of the courts because they will be more organized and more neutral in the elections process since they will have no interest in any one individual." Thurayah Labnah affirmed that this new law will offer democracy to the majority, not to the minority. It will also expose false programs, as well as those who do not like the interests of the syndicate. [passage omitted]

#### Association of Agricultural Specialists

Dr. Faruq 'Afifi, president of the Association of Agricultural Specialists, supports the law, and he affirmed, "The law is neither biased nor unfair. Quite the contrary, it gives syndicates and professional associations added importance, and it places emphasis on the influential role they play in expressing the problems of society." 'Afifi affirmed that the law also tries to place the principle of democracy on a strong foundation, and it induces the silent majority to exercise its right to vote and to choose the boards of directors that represent them truthfully.

At the same time, 'Afifi objected to the fact that the law was enacted in a hurried manner and that syndicates and professional associations were not consulted. "None of the opinions about the law, not those opposing it and not those supporting it, was discussed to see to it that the law was consistent with the legal code. After all, this law affects Egypt's intellectual class, and I do maintain that Egyptian intellectuals can propose a law that is compatible with their circumstances." [passage omitted]

#### Association of Applied Scientists

Ahmad 'Abd-al-Qadir Abu-Ghanimah, president of the Association of Applied Scientists, said, "Our association is an extraordinary one. It differs from other associations, and it does not have the problems that other syndicates and professional associations have. The law that is applied by our association is Law No. 82 for 1976. We amended that law three times: in 1982, in 1984, and most recently in 1992." Abu-Ghanimah added, "The uniform law for syndicates and professional associations is not suitable for us as an association for applied scientists with a membership of 500,000 persons. Our association cannot hold a meeting of its general assembly that would be attended by 50 percent of its members. That is 250,000 persons. We cannot even hold such a meeting for 10 percent of our members. At any rate, we amended our association's bylaws so that members can elect their representatives at general assembly meetings. Each 500 members of the association in any governorate would be represented by one member only at a general assembly meeting. But no governorate shall be represented at a general assembly meeting by more than 35 members. One governorate is being represented now in the general assembly by 35 members, and that reflects the number of members in that governorate. Other governorates, where the number of association members is small, are represented in the general assembly by 15 to 20 members. It is on that basis that the association's general assembly has 720 members who represent the association's members throughout the country in accordance with the association's bylaws. These individuals receive invitations to attend the association's general assembly meeting. Since that amendment became effective, we have had 100 percent attendance at the association's general assembly meetings in accordance with the association's bylaws.



Abu-Ghanimah added that this amendment to the association's bylaws settled the problem of attendance at general assembly meetings from a legal standpoint. "This amendment enabled us to avoid existing problems and exempted us from the uniform law for syndicates and professional associations. We are committed to this amendment which we made to our bylaws. Nothing in this uniform law for syndicates applies to us. Our bylaws have been on the books for years, and our association has its own system of proportional representation in the general assembly." He added, "We have no specific points of view on the uniform law for syndicates and professional associations which has been enacted because it does not apply to us. Our association is an extraordinary association with regard to the number of its members and the proportional representation they have in the association's general assembly. We held elections this week in the association's chapters in a number of governorates, and all of them were carried out in accordance with the association's charter. We are devoted to the proper performance of our association's activity, and that is our highest goal." [passage omitted]

#### Union of Motion Picture Workers

Director Munir al-Tuni, vice president of the Union of Motion Picture Workers, said that the new uniform law regulates elections only. It upholds the bylaws of each syndicate and does not infringe upon them. "The law is considered to be successful and democratic. It is a law that calls for the presence of a 50 or a 33 percent majority of the members when an election is held. Elections in each syndicate or professional association represent a large percentage of people's problems, goals, and aspirations. Thus, they are considered an objective method of facing up to the problems of syndicates."

"There is, however, one objection to the law, namely, that it would have been more appropriate if evening meetings and roundtable discussions had been held to talk with members of the general assembly in each syndicate about the clauses contained in the law and to find out from them what they thought about it. Although democracy is realized by means of the uniform law, the law itself was enacted in a nondemocratic manner."

Mahmud Sami is a television director, the secretary general of the Union of Motion Picture Workers, and the secretary general of the Federation of Three Artistic Guilds. He said, "I support the uniform law as long as it applies to all individuals and syndicates. I refuse its application to one group or syndicate and not to another. It has to be applied without discrimination."

"There is nothing wrong with the provisions of the law. They defined how elections were to be conducted, and they drew a distinction between a meeting of the general assembly and a meeting that is held to hold an election on a different day."

"There is one ambiguous paragraph in the law: it has to do with abolishing the proportional supplement to midterm elections. I believe that differences will occur in the practical application of this paragraph."

#### Actors' Guild

Zakariya Sulayman, president of the Actors' Guild, said, "I support the first part of the law, but I oppose the second part. I support the fact that the law calls for the presence of 50 percent of the members of a general assembly when an election is held. If an election is postponed, then 33 percent of the members of the general assembly will have to be present. This broadens the democratic nature of an election and gives all members of a syndicate the capability to choose their representatives. This keeps clannishness and groups that have certain objectives out of the elections."

"I reject the second part of the uniform law, namely that part that entrusts the position of a union president to a judge when a quorum is not achieved. Each syndicate has its own qualified people who can take care of its business. I did give tacit approval, however, to the presence of a judge who would serve on a temporary board until a new board is reelected."

Actor and director 'Abd-al-Ghaffar 'Awdah, under secretary of the ministry and vice president of the Actors' Guild, said, "I have reservations about the form and substance of the uniform law for several reasons. The law was not presented to the general assemblies of syndicates and professional associations which have a constitutional and a legal right to be apprised of such a law. That was a violation of democracy. Syndicates are different from each other, and each syndicate knows what its requirements are and what is the nature of its profession."

"Law No. 35 for 1978, which was enacted by the People's Assembly, stipulated that a syndicate's general assembly is duly qualified to propose amendments to the existing law."

"The fact that a group of judges are forced upon a syndicate and charged with the task of running its affairs in case one half or one third of its members do not show up to choose a board of directors for the syndicate is considered an action that goes beyond the business of each syndicate and thereby undermines it. No judge would know what the business of any syndicate requires."

"The required presence of 50 percent of the members for conducting an election—and the subsequent 33 percent requirement—is not met in the first place when elections for the People's Assembly are held. That percentage is not met either when that body votes on its nominations."

"The uniform law also is applied to none of the other elections. It is not applied to elections for the People's Assembly and for the Advisory Council, nor is it applied

to local council elections. It was suggested to higher authorities that the Islamic tendency constituted a minority and that when the percentage of attendance is raised to 50 percent, the size of that tendency will shrink, but that is a misconception."

Shukri 'Abd-al-Wahab, secretary of the Actors' Guild, said, "There is nothing new in the uniform law. We support it because it calls for the attendance of a large percentage of general assembly members when a general assembly is convened to hold an election. We hope that the percentage of attendees will double. When the law determined that syndicate elections were not to be held on Fridays, it made syndicate elections as important as the country's important elections."

#### Musicians' Guild

Salah 'Arram, vice president of the Musicians' Guild, said, "I am not against the uniform law, but I have a number of observations on it. For example, the law came on the scene in a nondemocratic manner. No meetings to discuss the law were held with members of the general assemblies of syndicates and professional associations."

Composer Hilmi Amin, vice chairman of the board of the Musicians' Guild, said, "I support every law that benefits members of Egyptian society. The new uniform law has some advantages which previous laws did not have. It addresses such matters as respect for guild or syndicate members, positive participation in decision making, the importance of a member's presence in the general assembly, and the importance of having 51 percent participation in an election. Such a participation ratio is an expression of civilization, and it is an honorable phenomenon."

"There are, however, some reservations about the law. I hope that the memoranda that explain the law will answer the questions that are being raised about it now. Questions are being asked about matters such as the representation of judges on the boards of various syndicates and guilds. I hope that this amendment will put the activities of syndicates and guilds on the right course." [passage omitted]

[Box, p 12]

#### Political Parties and the New Law: Support from the National Party, Rejection from the Opposition

Dr. Mustafa Khalil, vice president of the National Party, said, "The uniform law for syndicates and professional associations operates on the grounds that democratic participation serves the purpose of having boards of directors whose members are chosen to represent the wishes of the real majority of all the syndicate's members. Accordingly, this law is not at all an antiunion law. Quite the contrary: the more representative these boards of directors are of the vast majority of a syndicate's members, the greater their ability to manage the affairs of those syndicates and professional associations."

"The new law calls upon members of syndicates, who make up the intellectual class in Egypt, to become role models for the people as a whole. They are to exercise their constitutional rights by taking part in elections and choosing the best among the candidates who are running for office."

Khalid Muhyi-al-Din, president of the National Progressive Unionist Grouping, indicated that he approves of the democratic goals of the law, which strive to broaden the base of participation in elections that are held in syndicates and professional associations. At the same time, however, Mr Muhyi-al-Din, objected to the manner in which this law was issued. The opinions of syndicate members were completely ignored, as though the matter were totally irrelevant to the essence of their lives.

Muhyi-al-Din affirmed, "My objection is not to the substance of the law, but rather its form." He rejected the argument made by some who say that the forces which control some syndicates will make it impossible for anyone to ask the members what they think. "In this case," he said, "a syndicate's general membership would have to be contacted at their place of employment, and that would make holding meetings for the syndicates' general assemblies not necessary."

Muhyi-al-Din added, "The power of any law must be derived from the broad masses. That is how a law is legitimized. Therefore, long and thorough consideration was and is a must to bestow upon this law the required legitimacy."

Engineer Ibrahim Shukri, president of the Labor Party, expressed his amazement at the speed with which this law was rushed through the legislative process. He affirmed that rushing this law through did not give members of the People's Assembly an opportunity [to discuss it]. In fact, those who are affected by this law, the members of the various syndicates and professional associations, were not given an opportunity to talk about the law. They were not given an opportunity to express their opinions about it and to say whether they were in favor of it or against it.

Shukri believes that no other law anywhere in the world calls for the 50 percent participation that this flawed law requires in order to have a quorum of the general assembly. He thinks that this law will have many negative effects on syndicate activity and, therefore, on the future of democracy in Egypt.

Mustafa Kamil Murad, president of the Liberal Party, affirmed, "This law will destroy syndicate activity and turn everything upside down because members of syndicates and professional associations will not be able to comply with the large turnout which is required to hold an election. Eventually, syndicates and professional associations will become social clubs that are subject to the courts' oversight."

"By enacting this law the government lost the sympathy of all members of syndicates and professional associations. It lost much sympathy, and it gained considerable hostility. And this hostility toward the government will inevitably have dire consequences." Mr Mustafa Kamil Murad wondered, "Why was this law enacted so swiftly? Why weren't syndicates, professional associations, and political parties asked to express their thoughts on it? To whom will this law be applied if all the different syndicates are rejecting it in form and substance?"

Yasin Siraj-al-Din, president of the Wafd Party in Cairo, said he thinks that this law regulates the election process on the grounds that syndicates' boards of directors should be true reflections of the majority's opinion. They should not reflect the opinion of a certain minority which takes advantage of the fact that most members of a syndicate or professional association do not exercise their electoral rights. Such a minority organizes its ranks in coordination with its supporters, and together, they constitute an absolute majority in the general assembly. Consequently, election results can easily be settled in their favor.

Siraj-al-Din faulted the government for its failure to consult the syndicates and professional associations before enacting such a uniform law. He affirmed that each syndicate or professional association knows best what kind of law is suitable to its circumstances.

Siraj-al-Din expressed his regret that the government ignores political parties when some important issues are discussed. That is why the Wafd Party refuses to take part in some other issues in which its input is invited.

#### **Al-Azhar Imam Blames Government for Violence**

93AF0496B London AL-HAYAH in Arabic 6 Apr 93 p 6

[Interview with al-Azhar rector, Shaykh Jad-al-Haqq, by 'Abdallah al-Hajj in Jeddah; date not given: "Shaykh Jad-al-Haqq Condemns Terrorism, Holds Family and Governments Responsible for Youth Turning to Extremism"—first two paragraphs are AL-HAYAH introduction]

[Text] The rector of al-Azhar University, His Excellency Shaykh Jad-al-Haqq 'Ali Jad-al-Haqq, condemned the use of violence in the Islamic street. Islam, he said, rejects extremism and aggression. He held both the family and Islamic governments responsible for worsening conditions and for the turning of some youths to extremism. In an interview with AL-HAYAH in Jeddah, where he chaired the seventh meeting of the Committee of Islamic Experts, the rector of al-Azhar advocated implementing a strategy of Islamic education for all elements of Islamic society. He warned of the consequences of the spread of the phenomenon of extremism.

The following is the text of the interview.

[Al-Hajj] How do you explain the spread of the phenomenon of violence that has recently become prevalent under the cloak of Islamic religion?

[Jad-al-Haqq] Perhaps one can explain the spread of the phenomenon of violence by ignorance of the nature of the Islamic call on the part of those to whom the call is addressed, on the part of those who preach the call, or on the part of Islamic governments. All sides may be unaware of the essence of the call. This requires that it be made clear to all sides in the context of the God's word: "Call thou to the way of thy Lord with wisdom and good admonition" (Koran 16:125). The Messenger of God did not begin his call with fighting; he began with a call to the five principles of Islam, summoning to worship of God and monotheism. Then he prescribed the model preachers should follow in their summons as circumstances require, and that one should act in accordance with God's word: "Be patient, and vie you in patience; be steadfast; fear God; haply so you will prosper" (Koran 3:200). Islamic governments and peoples, as well as preachers, must act under the inspiration of these steps and take the Messenger of God as their model.

[Al-Hajj] How do you think one should deal with the fact of young people turning to extremism? Who bears responsibility for guiding them?

[Jad-al-Haqq] Perhaps one can assign responsibility for educating youth as follows: the family, then the school, then the university, then the society (the government). I think each of these institutions has neglected its duty. Where is the family today when it comes to caring for and raising its children? Its responsibility has narrowed to food and clothing. The family is one of the most important social institutions and has a great obligation to raise the coming generations. The family has failed to fulfil this sacred obligation. During the past two centuries, the Islamic community was subjected to many shocks that loosened its connection to Islam. We want to rebuild, and that is the responsibility of the family. Society's responsibility also enters the picture, for it must educate and direct young people. They must receive an adequate share of Islamic culture. They must have a correct knowledge of Islam that will edify their souls and with which they will follow a righteous path in regard to their rights and the rights of society.

[Al-Hajj] What about the role of Islamic preachers in confronting violence?

[Jad-al-Haqq] Violence is not approved in Islamic doctrine. The summons to Islam was defined in God's word: "Call thou to the way of thy Lord with wisdom and good admonition and dispute with them in the better way" (Koran 16:125). This means that the duty of the preacher is to summon with kindly words: "Hadst thou been harsh and hard of heart, they would have scattered from about thee" (Koran 3:159). So one must proceed on the basis that preachers must be conscious of the nature of Islam in their summons, and people should give a good reception to the summons. All parties should play their role in

the proper summoning to Islam. That, in my view, is one of the duties of Islamic preaching.

[Al-Hajj] Who is responsible for the increase in factors making for corruption in some societies?

[Jad-al-Haqq] Everyone must do his duty in his surroundings. We must not place everything at the foot of the government. It is primarily a family responsibility. Every Muslim must ask himself whether he has fulfilled his responsibility to himself and to his family. It is absurd for us to force the government to station a policeman at the door of every home to prevent women from going out naked or uncovered. That would mean shifting the responsibility to others, when the responsibility falls on the head of the family. We must be fair to ourselves and to our governments.

[Al-Hajj] Have you called for sincere dialogue with extremist youth?

[Jad-al-Haqq] I have already directed many calls to hold a calm, logical dialogue with them, but they have responded with more bullets, bombs, aggression, hiding in out-of-the-way places, and attacks on the government. I think these young people have been deluded. Those who deluded them and impelled them to aggression and disrespect for their teachers and religious figures bear a heavy weight of guilt.

[Al-Hajj] What is the role of the Committee of Islamic Experts that finished its work in Jeddah last Wednesday in relation to Islamic affairs generally?

[Jad-al-Haqq] The committee's meeting was to coordinate Islamic preaching activities among the bodies engaged in this mission. The goal was to formulate a suitable plan to spread the Islamic call, correct Islamic ideas in the Islamic world, strengthen the ties of Islamic brotherhood among peoples, formulate a coordinated plan to make Islam known outside and inside the Islamic world, and put it to work for a project being studied by the committee charged with approving a long-range strategy and working plan. The committee to study strategy meets in the course of this gathering to complete the strategy proposal and sends it to the general secretariat of the Islamic Conference Organization, which in turn resubmits it after approval to this committee.

### Industry Committee Head Interviewed

93AF0468A Paris AL-DUWALIYAH in Arabic  
17 Mar 93 pp 26-27

[Interview with Engineer Muhammad Zaki Malik, chairman of the Egyptian Advisory Council's Industry Committee, by Umaymah Sa'd Suwaylim; place and date not given: "Egyptian Industry Going Through Bottleneck"]

[Text] Engineer Muhammad Zaki Malik, chairman of the Advisory Council's Industry Committee, is most enthusiastic for the Egyptian economy's new system and

most optimistic about the Egyptian industry's future. He emphasizes the need to return to the free economy system.

Engineer Muhammad Zaki Malik, head of the Egyptian Advisory Council's Industry Committee, said: "Egypt's industry has lagged far behind, and this lagging is due to economic and social conditions the Egyptian society has experienced since the 1960's. In the 1960's, the leadership was faced with challenges, and it sought to confront them with social changes that seemed generally to serve the masses, without regard for consequences and for the future. Decisions were made because of political circumstances, and they had no economic reasons behind them. It was not long before the masses started experiencing hardship and before economic units were turned into strongholds containing large numbers of university graduates when those units had no work to absorb those numbers. The result was masked unemployment and decline in production and, consequently, in wages and rewards. Financially, the Egyptian worker at all levels lives in the red compared with his counterparts in the countries that started the industrial revival march at the same time we did. The natural result has been a "brain drain" and the emigration of skilled labor to the outside world. These workers have not emigrated to areas where they work in fields of industrial specialization. Rather, most of them have emigrated in search of a livelihood, not a craft. Thus, we have lost the manpower that we were proud of and that could have raised us to the ranks of the major industrial powers if its resources had been exploited in an ideal manner and if it had been given the full opportunity to work at home."

[Suwaylim] The privatization process is facing a wave of opposition from workers in the industrial units because of the dominant fear that many workers will be dispensed with on the pretext of not being needed.

[Malik] Yes, this transformation into a private sector could result in dispensing with unproductive labor. Objective solutions must be developed to deal with this problem, such as early retirement incentives, the preservation of insurance benefits, or the retraining of dismissed workers so that they can do work that befits their capability and their tendencies and so that they can gain new skills and capabilities needed by government agencies or by the private sector establishments. It can also be emphasized that dispensing with unproductive labor will, under the new situation, be in the interest of the majority of workers because this majority's wages and incentives can be raised under the umbrella of the new developments.

Citizens and workers reap numerous benefits when privatization is achieved, most significantly the burden to the state's general budget and, consequently, to taxpayers will be alleviated. Privatization will also affect the variety and quality of the services offered by public and private agencies. This is in addition to the high quality expected as a result of competition among workers.



### Essential Controls

[Suwaylim] General features of the new policy have begun to assert themselves through the sale of a number of units. What are the controls insofar as this tendency is concerned?

[Malik] To begin, the government must devote special attention to timing the sale process and to offering shares for subscription. The period set for subscription to shares offered for sale must be compatible with the number of the shares. The government must also exert efforts to encourage workers to purchase shares offered for subscription by giving them some privileges and facilities, such as giving workers a number of shares gratis or dividing the cost of the shares into installments and deducting them from the workers' wages. It should be noted, however, that the burden of these privileges and facilities should fall on the government's shoulders and should be deducted from its dues. Moreover, the priority to these shares must be given to small savers in order to expand the investment base and to spread the benefit. A limit must be set for the maximum number of shares that one individual can acquire. The government must also work to create a stock exchange and to establish sufficient guarantees to ensure the stability of this market and to prevent speculation, which harms the economy and the public interest.

While in the midst of these developments, we, as government, must not forget training. The government must exert efforts to increase the number of vocational training centers and institutes to train the national manpower, developing its capabilities and skills and preparing it to contribute effectively to the performance of public services that will be developed, modernized, and diversified under the private sector's umbrella.

[Suwaylim] The public sector has been an important element that played a role at one time. What are the lessons with which we can emerge from this experience?

[Malik] The goal of the transformation of private projects into public projects in the 1960's was to achieve economic and social development, to implement certain economic ideas and beliefs, to ensure the workers' interests, to redistribute wealth and the natural resources, and to establish state control over the sources of production and services.

But the political decisions were devoid of sound economic and administrative mainstays, principles, and benefits and detached from actual implementation and its problems. Those decisions did not consider the degree of the administrative agencies' efficiency or their capability to shoulder the duties of supervising and managing those public organizations and agencies. Moreover, those organizations and agencies were cast into rigid organizational molds and tied by the shackles of the rules and regulations established for their operation and embodied in governmental financial and administrative rules, bylaws, and directives. As a result, productivity dropped, growth rates declined, modernization and

development requirements became unavailable, and administrative means and methods controlling the progress of work and assisting proper decision-making lagged behind. This is in addition to multiple and inappropriate performance-assessment criteria and standards. Consequently, those organizations and agencies failed to crystallize the slogans raised by the state.

We must use past lessons as a torch lighting the way to the future. We must establish new regulations emanating from past lessons and must devote attention to streamlining administrative and fiscal policies, regulations, and decisions. We must also devote attention to organizational structures, to the means of coordination among companies, to streamlined spending, to developing the means and methods of work, and to securing all data needed to draft production and marketing plans. I believe that the most important step to which attention must be devoted at present is to create a public climate agreeable to change and renewal so as to accomplish, first, the country's interest and, second, the citizen's interest.

[Suwaylim] A number of Asian countries, called the "four tigers" currently, have been able to invade the world markets with good and distinguished production, despite their weak resources. Where is Egypt and its products, and when will it achieve its place in the world markets?

[Malik] Industrial progress has been achieved by a number of countries, not just Asian countries but also Latin American countries, such as Argentina, Brazil, and Mexico which have surpassed all expectations. They have achieved progress in industrial production, despite their debts. There are also the countries of southern Europe, such as Greece, Portugal, and Spain, which were poor but which have begun to develop as a result of technological and industrial progress and exports. It is true that their progress has not reached the level of the striking progress achieved by Taiwan. But we can say that there are now 12 countries that have become the model for numerous countries striving to take their place in the world, such as Sri Lanka, Cyprus, Thailand, and Indonesia.

If we consider the economies of these countries and their social, human, material, and industrial resources, we find that we are not far from them. Our circumstances are very similar. This is why we are likely to march along this course and to take our place among this group of rising countries.

My optimism is based on several things, including the flow of capital and technology and the endeavors of international firms seeking joint production. This is in addition to the facilities that are granted constantly at present through coordinated and deliberate steps, as well as the facilities offered by the state's various agencies. We are, moreover, rich with theoretical scientific research and we have thousands of scientists at research

centers and universities who offer hundreds of studies which, if translated into production projects, will revive the industrial activity.

As to how to attain internationalism, the answer is in crystallizing our strategy so it will be a selective industrialization strategy which focuses on industries in which we enjoy a clear relative advantage. We must work to establish an export policy relying on a currency exchange-rate policy that is flexible and realistic.

[Suwaylim] When and how will we achieve balanced and integrated development in the Arab world?

[Malik] The fact is that balanced and integrated development in the Arab homeland is not a purely economic formula. Rather, it is a matter of several intricate issues whose burden should not fall on the shoulders of the Egyptians alone, but should extend to all of the Arab brothers. The world around us has cast its ideological and political disputes aside and has established a coexistence and cooperation policy based on the free market system and on solidarity in confronting rival blocs. We only have one option available to us, namely to move faster toward applying the principles of economic freedom. What makes one more optimistic is that international economic reports assert that the Arab region has reasonable ambitions, considering that this region is in an intermediate phase. Therefore, it is a region considered most likely to catch up with the advanced countries if it uses properly the cultural values which it possesses and which put it on the threshold of progress.

Reports issued by the World Bank assert that Egypt is not a country of human resources, but a democratic country that has a sound and stable legal system that makes it eligible to be a safe zone for investors and for and those who deal with it economically.

[Suwaylim] Egyptian expatriates have more than \$60 billion in savings. How can we encourage these external savings to return for investment in Egypt?

[Malik] Egypt's economic climate continues to suffer from some impediments, especially for Egyptians. There are some administrative problems. Generally, an investor is not inclined to get involved in these labyrinths. If we want to attract investors, then we must think realistically and the path to investment reform must be fast. Some sort of reform has actually been achieved. Leaps have been made in all economic areas. The encouragement must emanate from the citizens and from minor civil servants before high-ranking civil servants. Promoting investment is embodied in the presence of awareness among all that when an investor does official business with a civil servant, the latter shouldn't hunt for errors and exaggerate them. Rather, he should deal with issues objectively and should put Egypt above all. The investor knows his interest and goes for it, and he needs no guidance. We should present what we need to investors and then let them choose and make their own plans. The government's role should be that of complete sponsorship.

If this is accomplished, then billions of dollars sitting abroad will return promptly to Egypt.



### Industries Report Profits, Losses

93AF0381C London AL-SHARQ AL-AWSAT in Arabic  
13 Mar 93 p 11

[Text] Cairo—An official in the Central Accounting Bureau in Egypt revealed that reports by its controllers in the public business sector confirm that in 1992 fiscal year losses of four companies of the foreign trade sector have reached 98.9 million Egyptian pounds, while eight companies in the same sector made a profit of about 65.9 million pounds. In the tourism sector, the companies have realized distributable surplus estimated at 127 million pounds, and their losses for the same period last year totaled 84 million pounds. The official said the reports indicate that four public sectors in the metal industries have suffered losses estimated at 134.1 million pounds.

In the food industries sector, 17 out of 19 companies have shown profits, while the Accounting Bureau has not received the reports of the remaining companies. The largest profits were reported by four companies: the Eastern Company for Tobacco and Cigarettes, with 117.5 million pounds; the Sugar and Distillation Company, with 62 million pounds; Oil and Oil By-Products, with 20.8 million pounds; and al-Ashram for Soft Drinks, with 24.5 million pounds.

In the weaving and textiles sector, 19 companies reported profits, the largest of which were al-Mahallah Company, with 34.9 million pounds; the United Arab Company, with 22.4 million pounds; (Istiya) company, with 18.8 million pounds; and Kabu, with 17.56 million pounds. Meanwhile, 12 companies showed losses. In the chemical sector, all of its companies reported profits, with the exception of the Graphite and Writing Material Company and al-Ahli for Plastics. Companies in this sector that made outstanding profits were: al-Nasir for Fertilizers, with 28.5 million pounds; al-Nasr for Coke, with 26.8 million pounds; Paints and Chemical Products, with 22 million pounds; al-Nil for Sulphur, with 11.9 million pounds; al-Ahliyah for Paper, with 10.2 million pounds; Misr for Chemical Industries, with 31 million pounds; and Abu Qir for Fertilizers, with 103.9 million pounds.

With regard to the industrial engineering sector, the Central Accounting Bureau said that most of its companies reported losses, while the companies (Simaf), Ideal, Electric Cables, and Arab Phillips for Radios, Transistors, and Industrial Services reported small profits.

In the military industrial sector, five companies reported losses. These are Qaha for Chemical Industries, Za'bal, al-Ma'adi, Shubra, and Hulwan for Industrial Engineering.

### Exchange Companies Risk Liquidation

93AF0481D London AL-SHARQ AL-AWSAT in Arabic  
19 Mar 93 p 2

[Text] Cairo—Exchange companies operating in Egypt, totaling 70 companies, are facing the risk of collapsing

and being liquidated because of the numerous obstacles that have developed since the new exchange regulations came into effect in mid-1991.

Exchange sources said that, in addition to the limited amount of transactions carried out by exchange companies, which does not exceed \$7 million daily, the difficulties being faced include low profits and the high cost of start-up and operation, as well as the condition that letters of guarantee for the sum of \$100,000 for each branch should be deposited. All of these constitute an unjustifiably heavy burden on the companies, given the small difference in the prevailing rate of sale and purchase.

'Abd-al-Sattar 'Asharah, head of the general exchange branch of the General Union of the Egyptian Chambers of Commerce, said that the difficulties include the annual percentage fees levied on capital. He said, "Despite the fact that this problem concerns the stockholding companies in general and not just the exchange companies, it concerns the exchange companies more than anybody else. Monetary law and regulations provide that the exchange companies should be in the form of joint stock companies."

He added that the money market law tried to exempt the joint stock companies from this fee, but Article 11 of the law in question endorses exemptions only for companies included in the official list of the stock exchange. The list contains the companies that float at least 30 percent of their shares for public subscription and in which the number of shareholders is no less than 150. This condition renders the exemption void, because all of the exchange companies that have been established are exchange companies. According to the statistics of the companies registered, more than 90 percent of the companies that were recently established are of the latter type and, therefore, do not qualify for the stipulation that 30 percent of their shares be offered for public subscription and the minimum allowed of shareholders. Therefore, none of them benefit from this exemption.

'Abd-al-Sattar added that the lack of specific penal regulations concerning the companies that are in violation of the law by the Ministry of Economy and the Egyptian Central Bank has recently led to confusion in the market. Four exchange companies have been closed for one month according to a decision by the minister of economy. These companies failed to issue receipts—"substitute portfolios"—or exceeded the company's operational balance, which is \$150,000 per every \$1 million. The companies in question are: al-Masrifayah for Exchange, Makkah, Karawan, and al-Nur. The head of the exchange branch called for setting up a committee representing the Ministry of Economy, the Central Bank, and the exchange branch to meet monthly in order to discuss violations that occur in the exchange companies, particularly the new companies, and fix the appropriate penalties after the owners of these companies are given the opportunity to defend their action. The Ministry of

Economy will approve the penalties so that the companies will not be surprised by the penalties or are denied hearing their defense.

He said that the branch is drafting an "honor covenant for the exchange business in Egypt in order to organize and coordinate relations between companies, avoid speculations in their activities, fix the rates of exchange and profit, and encourage honest competition between companies. It also organizes relations between exchange companies and banks, the Central Bank, and the administrative authorities concerned. It will also organize the exchange companies' relations with the citizens. The covenant will also ensure that all of the exchange companies will abide by the code of honor of their trade, will not overprice currencies, and will fix realistic exchange rates.

'Abd-al-Sattar called for the need to cancel the condition that provides for depositing a letter of guarantee for every branch or exempting company branches located in remote areas in order to encourage the geographical dispersion of the companies that wish to open branches, regardless of the number of such branches, instead of being crowded in Cairo, Alexandria, and the Delta. He stressed that this will lead to eliminating unlicensed trading in currency, which is now being carried out on a large scale in upper Egypt and the remote provinces. The head of the general exchange branch said that operating in accordance with the exchange regulations began in mid-1991 with one company. By 1991, the number of operating companies increased to 10, and by the end of 1992, they increased to about 70, excluding branches. By 1992, average daily transactions were \$1 million per company. With the increase in the number of these companies and the relative stability in the volume of transactions in the exchange market, the average daily transactions per company dropped to about \$100,000 only, excluding operations in kind [*'amaliyat bayniyah*] "in which the same amounts of money are exchanged between more than one company or between companies and banks."

He said that the amount of daily transactions in foreign currency in the market in 1991 was about \$6 million and increased in 1992 to \$7 million. With regard to prices and the profit margin, at the beginning it was 2 to 3 piasters per dollar, given that the dollar represented 80 percent of transactions.

'Abd-al-Sattar 'Asharah said that with the increase in the number of companies and the rising competition the difference dropped to 2 to 3 mills per dollar.

He said that these companies have achieved the goals for which they have been established in the monetary market in Egypt. In 1991, the price of the U.S. dollar in the market was about 3.5 Egyptian pounds. It was not easy for an investor to produce and an importer to meet his needs for foreign currency in the desired amounts

and at a suitable time or in a secure manner. The police have made great efforts to pursue those dealing in the black market.

But as the exchange companies began carrying out their activities, the rate of exchange of foreign currency dropped, and the seasonal surges in foreign currency rates stabilized.

He stressed that the exchange companies indirectly contributed to building up the foreign currency necessary for complementing the foreign currency cover in the Central Bank by selling part of their balance to the commercial banks which in turn resell it to the Central Bank for this purpose. Also, official transactions between banks and exchange companies are being carried out at privileged prices so that the banks will obtain the foreign currency necessary to meet their clients' needs or the deficit in their balance.

### Domestic Car Production Decreases

93AF0475A London AL-HAYAH in Arabic 26 Mar 93  
p 13

[Article by Ghali al-Shabkiah: "Private Car Sales Decline in Egypt"]

[Text] The passenger vehicle market in Egypt, these days, is undergoing several important changes, resulting in efforts to pursue a new production policy by manufacturing companies.

According to Engineer Sa'id al-Najar, chairman of the board of directors of the al-Nasr Automobile Company, one of these changes is that "the middle class, which formed an important element with regard to buying small and mid-size passenger cars, has gone out of the market. This is because, being a member of that class these days does not allow one to purchase any car that exceeds 20,000 Egyptian pounds in price. When prices for these kinds of cars considerably exceed this level, the middle class is unable to buy new cars."

He said that, as a result of the middle class being out of the market, new car sales in Egypt had dropped from 100,000 passenger vehicles in 1986 to 25,000 in 1992. This includes both local production and imports. This class has begun to buy used cars, which cost less than 20,000 pounds.

This slump—as Engineer Sa'id al-Najar said—has led to a drop in local production of passenger cars from 27,000 in 1986 to approximately 9,000 cars in 1992. In light of this decline in the number of vehicles sold, the industry has concentrated on manufacturing medium-capacity cars over 1,300 cubic cm and up to 1,600 cubic cm. Therefore, small cars are not being produced because market indicators have already shown that small cars are not marketable in Egypt.

As confirmation of this, a number of private sector companies have obtained agreements to manufacture

passenger vehicles, and some have begun implementation. All these agreements include manufacturing vehicles with capacities starting at 1,300 cubic cm, with prices from 40,000 pounds up to 110,000 pounds per car.

Each company will begin producing between 3,000 and 5,000 cars. These companies have contracted with international companies to produce certain of their model cars in Egypt. The Suzuki-Egypt Company has begun to manufacture Suzuki 1300 passenger cars, in agreement with the Japanese Suzuki Company.

In the same way, the Egyptian Peugeot Company will manufacture French Peugeot automobiles, and the Egyptian Automobile Manufacturing Company will build French Citroens. Moreover, the General Motors-Egypt Company will manufacture the American Opel.

Engineer Muhammad Amin, chairman of the Central Office of the General Industrialization Organization, stated that these corporations, which will produce internationally named cars in Egypt, are aiming at achieving a larger percentage of sales in Egypt in light of current circumstances, because the price of a vehicle manufactured locally will be less than if it were imported from abroad, since the imported components of the car, to be manufactured locally, are exempt by differing percentages, if 30 percent of the car is manufactured locally. This percentage can easily be done in Egypt, without the need for huge investments. In the end, the company can attain a greater share of local sales than if the import carried high customs duties.

As soon as these new companies announced that the Egyptian public could reserve a car, brisk competition began to gain the largest percentage of advance orders. In fact, some were able to accomplish that through the newspapers and television in Egypt. A public "war" took place between the Egyptian company, which had begun to produce the Japanese Suzuki, and the Egyptian company that will produce the French Citroen, especially because the two companies' prices are comparable, ranging between 40,000 and 47,000 pounds. In addition, the Turkish (Dugan) car, manufactured by the al-Nasr Automobile Company, also sells for this price. This confirms that all automobile manufacturing companies in Egypt are now making cars for upper-middle-class citizens, capable of buying cars with prices from 40,000 to 110,000 pounds, while people able to buy big cars, such as Mercedes, BMW's, etc., import them from abroad.

Data for 1992 indicates that 1,000 Mercedes were imported into Egypt, along with about 700 BMW's.

#### **Saudi Investments Total 1.887 Trillion**

93AF0475B London AL-HAYAH in Arabic 5 Mar 93  
p 11

[Article by 'Abd-al-Hakim al-Aswani: "Saudi Investments in Egypt Total 1.887 Trillion Pounds"]

[Text] The Egyptian General Investment Board has announced that investments of Saudi businessmen and investors in Egypt totaled 1.887 trillion Egyptian pounds, distributed over 247 projects, with a total capital of 3.842 trillion pounds.

The board's statistics showed that these holdings are distributed over various sectors. There are 75 projects in the financial sector, capitalized at 1,389 billion pounds, of which the Saudi share is 478 million pounds, i.e., 34 percent. There are 72 projects in the industrial sector, capitalized at 1,065 billion pounds, with the Saudi share totaling 282 million pounds, i.e., 26 percent; 47 projects in the services sector, with capital of 650 million pounds, in which Saudis have 279 million pounds, or 43 percent; and 25 projects in the agricultural and livestock sector, capitalized at 157 million pounds, with the Saudi share totaling 40 million pounds. In addition, there are 14 projects in the building and construction sector, with capital of 73 million pounds, of which the Saudi share is 32 million, or 45 percent.

Total Arab capital in Egyptian investment projects is 4,583 billion pounds, which is 24 percent of the total investment of 19,375 billion pounds and only 20 percent of the total shares.

#### **Industrial Exports Total \$2 Billion**

93AF0475C London AL-SHARQ AL-AWSAT in Arabic  
6 Mar 93 p 12

[Article: "Egyptian Industrial Exports Valued at \$2 Billion"]

[Text] Egyptian Minister of Industry Muhammad 'Abd-al-Wahhab told AL-SHARQ AL-AWSAT that public sector companies' exports totaled \$1 billion, or 50 percent of total Egyptian industrial exports, which amounted to \$2 billion during the past year. Private sector companies accounted for the other half.

Engineer 'Abd-al-Wahhab pointed out that getting Egyptian exports into world markets has become a goal for Egyptian industry in both public and private sector companies.

The head of the Fund to Support Egyptian Spinning and Clothing Industries, Majdi al-'Arif, stated that Egypt's exports of yarn, textiles, fabrics, ready-made clothes, and tricot totaled 2 billion Egyptian pounds this year, an increase of 400 million pounds over last year's exports. Al-'Arif said that Egyptian exports of ready-made clothes totaled 235 million pounds, a 100 percent increase over last year's exports, while Egyptian tricot exports totaled 255 million pounds, an increase of 53 million pounds over last year. This was a 26 percent increase [as published] and an 18 percent increase in exported quantities. He pointed out that Egyptian exports of spun goods totaled 70,000 tons, which were valued at \$280 million and included about 40,000 tons to EEC [European Economic Community] countries.

Al-'Arif indicated that Egypt's exports of spun goods to the EEC were expected to increase to 41,500 tons in 1993. He pointed out that expectations indicate an increase in Egyptian exports of these goods to various world markets during this year.

The chairman of the Leather Industry Board of the Federation of Egyptian Industries, Kamal al-Din Hafiz, stated that Egypt's exports of leather products to various Arab, African, and European countries, from both public and private sectors, totaled 100 million pounds this year. He added that preparations were under way to enter these markets intensively, in order for exports to reach \$500 million by the end of this century.

Hafiz said that Arab markets received leather products valued at 25 million pounds, with Saudi Arabia in first place, followed by Kuwait, Bahrain, Jordan, and the other Gulf states. He said that the Swiss Government had participated in financing an integrated industrial project to develop the leather industry in Egypt, with a grant of \$60 million to provide modern equipment and tanning shops and to develop tanneries.

Hafiz referred to the fact that the Egyptian Leather Board has received another grant from the German Government, valued at 3.5 million German marks to operate a training center for the shoe industry. This will include developing factories that will apply high quality standards in order to make inroads into the European market.

#### Import-Export Companies' Profits Detailed

93AF0475D London AL-SHARQ AL-AWSAT in Arabic  
23 Feb 93 p 14

[Article: "8 Foreign Trade Companies In Egypt Earn 97 Million Pounds; 4 Companies Lose 109 Million"]

[Text] Eight foreign trade companies in Egypt, out of the original 12 companies subordinate to the Industrial Trade Holding Company, earned a net profit of 97.3 million Egyptian pounds, while the other four companies lost 109 million pounds in fiscal year 1991-92.

The chief of the Industrial Trade Holding Company, Muhsin Shihab, said that the volume of the 12 trade companies totaled 5.438 billion pounds, and total production volume was 1.7952 trillion pounds. He added that total sales of these companies was 1.7052 trillion pounds, while wages totaled 104.1 trillion pounds.

Shihab indicated that the eight companies that earned a profit, during fiscal year 1991-92, were as follows:

- Al-Nus Import-Export Company: 92.3 million pounds;
- General Trade and Chemicals: 19.1 million pounds;
- Lumber Trade Company: 3.4 million pounds;
- Egyptian Free Markets Company: 8.9 million pounds;
- Plows and Engineering: 2.3 million pounds;
- Egyptian Automobile Company: 4 million pounds;

- Al-Wadi Agricultural Exports: 26.2 million pounds; and
- Al-Nasr Dried Agricultural Products: 4.1 million pounds.

The four losing companies were:

- Arab Foreign Trade Company: 1 million pounds;
- Egypt Import-Export: approximately 3.5 million pounds;
- General Engineering Company: 40 million pounds; and
- Egypt Foreign Trade Company: 75 million pounds

The president of the al-Nasr Import-Export Company, Kamal Hilali, said that the company's profits were earned as a result of exporting foodstuffs, agricultural products, industrial and mineral products, yarn, textiles, and ready-made clothing, and miscellaneous and mining commodities. In addition, the company imported food, chemicals, fertilizer, engineering goods, lumber, miscellaneous and mineral commodities. There also were direct international trade with other countries, and joint projects established to serve foreign trade. Exchange of goods enters into the company's main activities through trade agreements, joint transactions, and leasing space in company warehouses. The chief of the General Trade and Chemicals Company, 'Abd-al-Muttalib al-Najar, said that the company earned its profits through importing and trading of the kind that serves various state sectors. The company's business concentrates on chemicals, insecticides, and tanning, in addition to sensitive materials, equipment, appliances, typewriters, computers, consumer goods, lumber, paper, and tourist goods. The company also pursues manufacturing activities, represented by a milling unit, and the blending and repacking of insecticides, paints, and dyes.

The president of the Lumber Trade Company, Yusuf al-Hayatini, said that his company imports, trades, distributes, and manufactures lumber, as well as export operations. The company is allowed to join with any agency or participate in any way with authorities that pursue similar activities or that might cooperate with it to achieve its goals in Egypt and abroad.

The authorized member for the Egyptian Free Markets Company, 'Abd-al-Fattah al-Rubi, said that despite the company earning a profit of 9 million pounds this year, it paid Egyptian banks 25 million pounds as credit easements. He was surprised by the holding company's decision to sell the company, and he said that the board of directors of the Egyptian Free Markets Company had already objected to the appraisal of the company's assets this year by the Foreign Advisory Office at only 75 million pounds, while the real value is at least 170 million pounds. The appraisal has not yet proposed the general meeting, as stipulated by law.

The head of the Plows and Engineering Company, Ahmad Shalabi, said that the company earned its profits through importing from various sources by means of authorizations granted by them, either at the company's



expense or someone else's, through its 64 years of marketing expertise. The company serves broad sectors in the areas of industry, agriculture, commodities, health and utilities.

Concerning the four losing companies, a responsible economic source explained that authorities will begin an investigation next week into the inconsistencies that occurred at the Egyptian Foreign Trade Company, which is led by Mamduh al-Misri, and define who is responsible for them, prior to referring them to the Public Prosecutor's Office.

It has been decided to allow the General Engineering Company to continue its operations, despite the Central Accounting Agency's report that revealed that it had 40 million in losses last year.

The chairman of the company's board of directors, (Ayhab Abazah), said that the company's management has prepared a plan for floating it, based on rescheduling its debts with the banks on easier terms, changing the easements to long-term loans to stop the drain on profits.

Economic sources confirmed that it has been decided to allow the Egyptian Import-Export Company to continue its activities, as well as the activities of the Arab Company for Foreign Trade.

#### **Market May Not Be Able To Absorb New Stocks**

93AF0475E London AL-SHARQ AL-AWSAT in Arabic  
2 Mar 93 p 14

[Article: "Egypt: Doubts About Ability of Financial Market To Absorb Companies Offered for Sale"]

[Text] Brokers on the Cairo Stock Exchange have welcomed the Egyptian Government's announcement about selling the shares of 40 public sector companies on the exchange. They said that this step would increase the ownership base of the shares in these companies.

At the same time, an official in the Egyptian Cabinet warned that the Egyptian capital market might not be able to absorb these companies over the short term. He said that selling them in one batch would impact negatively on their prices. The holding companies should be forced to prepare the market for the sale of this stock. The companies whose stock would be offered for sale include seven state-owned companies: the Egyptian Free Markets Company, Egyptian Grapes, al-Nasr Glass Bottling Company, Egyptian Glass Bottling Company, al-Nasr Glass and Crystal, Egyptian Studios and Cinema Production, and al-Nasr Steam Boilers and Cooking Containers. In addition, there are seven companies that are subject to the Public Business Law. They are the Sheraton Cairo Hotel, the Aswan Oberoi, the Floating Sheraton, "Hatab," "Tut," and "Aturi." One company, the Egyptian Tourist Villages Company, is subject to Companies Law No. 159. Four companies are subject to Law No 230: Suez Cement Company; Egyptian Chloride; Luxor Sheraton; and Egypt (Nardin) International.

Meanwhile, the Egyptian Cadbury Company recorded the largest deal in Cairo Exchange transactions last week. The deal was valued at 15 million pounds and involved 150,000 shares. This was done in one transaction outside the exchange, with a market value of 100 pounds per share.

The Suez Cement Company traded the largest number of shares, 228,600, in last week's transactions in 97 transactions with a market value of 3.92 million pounds.

The price of one share of Suez Cement registered an increase of 100 piasters, reaching 17.28 pounds by the last transaction, while a share of the National Cement Company fell 20 piasters to 210 piasters. The price of a share of Misrub Company stabilized at 10.7 pounds.

The least amount of shares circulated on the exchange involved the Egyptian Real Estate Bank, with some 10 shares traded at a market value of 107 pounds. A bank share dropped 20 piasters to 10.6 pounds. The United Housing Company share dropped by 44 piasters to 896 piasters, while the al-Shams Housing Company's share dropped 2 piasters to 138 piasters.

The trading of shares inside the exchange building was larger than outside, since 291,000 shares were circulated inside, while 156,000 shares were traded outside. Business was done inside the exchange in the foreign-issued securities of four companies, while the stock of one company of foreign issue was traded outside the exchange.

#### **Trade Bankruptcy Increase Reported**

93AF0475F London AL-SHARQ AL-AWSAT in Arabic  
25 Mar 93 p 11

[Article: "Egypt Has 23,000 Bankruptcies Per Month"]

[Text] A report, prepared by the General Federation of Chambers of Commerce in Egypt, has revealed a rise in cases of default of "protest" payment among merchants, amounting to 23,000 cases a month during last year.

The report attributed the increase in default of payment cases to economic recession, warning that if they continue at the same increased rate, commercial activity in the country will be threatened.

The report indicated that "protest" became clearly prominent beginning in 1991-1992, because of economic reform measures and the accompanying social effects represented by a drop in cash wages. The report explained that the total value of funds that merchants were unable to pay fell from 814 million pounds in 1986 to 260 million pounds in 1990 and to 143 million pounds in 1992. Some experts think that the banks have not contributed to the increase in bankruptcy cases, considering the fact that the cost of interest on loans has not risen to the degree that would subject the merchant or clients to bankruptcy.

However, they point out that the practical effect of a rise in the interest is represented in a reduction of credit by the banks. The report requested a gradual application of the privatization program and the policies applied under it, such as automating the market, as well as a well-thought-out expansion of banking policies, such as restructuring banking credit, and placing importance on

processing training, in order to enable artisans and professional suffering from the recession, to change to another successful field, in order to avoid subjecting them to bankruptcy. It called for a larger contribution from the Social Development Fund to aid the proprietors of projects subjected to bankruptcy, such as extending them cash liquidity on easy terms.



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